



The following summary of the findings and recommendations of the Royal Commission appointed to investigate certain charges made by members of the Opposition and various newspapers against the Government of Alberta and members thereof is forwarded to you for your information as a citizen and taxpayer of the Province.

**1. The Commission was directed:**

To investigate and report upon the facts concerning the method of calling for tenders and awarding of building construction contracts by the Department of Public Works, and in particular as to whether

- (a) The Department was justified in specifying the use of precast concrete, Ytong or cellular blocks in those cases where the use of such products was specified;
- (b) In connection with such contracts the Department showed any preference for any materials by reason of the fact that a former Cabinet Minister or his relatives had a financial interest in the company which manufactured such materials.

**The Commission found:**

" - - - The evidence discloses that the majority of government buildings are constructed by contractors who have been awarded contracts after the Department has called for public tenders based on prepared plans and specifications. We approve of that procedure and recommend that it be used whenever possible."

- (a) " - - - We were much impressed by the forthright manner in which Dean Hardy and Messrs. Clarke and Hunt gave their evidence on this subject. In our opinion the Department was justified in specifying the use of precast concrete in those cases where the use of such product was specified.

" - - - We were impressed by the evidence of Mr. Clarke on the subject of Ytong and cellular blocks and by the corroboration which he received from Dean Hardy. In our opinion the Department was justified in specifying the use of Ytong and cellular blocks in those cases where the use of such products was specified."

- (b) " - - - The only evidence before us indicating that a former Cabinet Minister or his relatives held an interest in any such company was that Mr. N. E. Tanner and/or his relatives held an interest in Alberta Ytong Company Limited. Every witness on this branch of our investigation took his oath that no such preference had been shown and we are satisfied they were telling the truth. There is no evidence to suggest that the Depart-

ment showed any preference for any materials by reason of the fact that a former Cabinet Minister or his relatives had a financial interest in the company which manufactured such materials."

**The Commission Recommended:**

" - - - While we wish to commend the Department upon its policy of sending representatives to other places, whether near or far, for the purpose of studying new materials and the latest methods of construction, we strongly recommend that in all cases the full and adequate cost of such trips should be borne by the Department. We think it is unwise to accept assistance of this nature from those who are doing business, or who are hopeful of doing business, with the Department."

**2. The Commission was directed:**

To investigate and report upon the facts concerning methods used by the Department of Public Works in the buying, selling, leasing or otherwise dealing in real property and in particular to investigate and report on the facts —

- (a) concerning the purchase, sale or leasing, or
- (b) whether any Cabinet Minister or Member of the Civil Service made any personal gain from the purchase, sale or leasing of the following properties:
  - (1) Provincial Building No. 2, Edmonton
  - (2) Alberta Block, Jasper Avenue West, Edmonton
  - (3) 17th Avenue West Liquor Store, Calgary
  - (4) Ninth Avenue West Liquor Store, Calgary
  - (5) Proposed gaol site near Chestermere Lake
  - (6) Spy Hill gaol site near Calgary

**The Commission found:**

- (1) "We have summarized the facts as presented to us concerning the purchase of **Provincial Building No. 2**, the subsequent sale of the building, and the leasing of same by the Government. There was no evidence that any Cabinet Minister or any member of the Civil Service made any personal gain from the purchase, sale or leasing of Provincial Building No. 2."



- (2) "We have summarized the facts presented to us concerning the purchase of the **Alberta Block, Jasper Avenue West, Edmonton**. There was no evidence that any Cabinet Minister or any member of the Civil Service made any personal gain from the purchase of that building."
- (3) "We have summarized the facts presented to us concerning the purchase of the **17th Avenue West Liquor Store site, Calgary**. There was no evidence that any Cabinet Minister or any member of the Civil Service made any personal gain from the purchase of that property."
- (4) "We have summarized the facts presented to us concerning the purchase of the **9th Avenue Liquor Store, Calgary**. There was no evidence that any Cabinet Minister or any member of the Civil Service made any personal gain from the purchase of that property."
- (5) "We have summarized the facts as presented to us concerning the purchase of the **Chestermere Lake gaol site**. There was no evidence that any Cabinet Minister or any member of the Civil Service made any personal gain from the purchase of that property."
- (6) "We have summarized the facts as presented to us concerning the purchase of the **Spy Hill gaol site**. There was no evidence that any Cabinet Minister or any member of the Civil Service made any personal gain from the purchase of the Spy Hill property nor from the sale of the Chestermere Lake property."

#### The Commission recommended:

"... that the whole system or machinery used in making land purchases be re-examined. We suggest that the purchase of land should be handled by one Department of the Government and that the responsibility of such purchases should be placed in the hands of a competent and experienced person in that Department. Such persons should, of course, work in close liaison with the Department or Departments for which the proposed purchase is being undertaken. In most cases of proposed purchase it would, in our opinion, be wise to obtain at least one independent appraisal, preferably from a first-class appraiser engaged in business in or near the district in which the land is located. Whether land purchases should be handled by the Department of Public Works, or by the Provincial Purchasing Agent, or by some other Department, does not seem to us to be important provided that the personnel in charge are capable and are fixed with full responsibility in all cases."

### 3. The Commission was directed:

To investigate and report upon the facts concerning the method of calling for tenders and awarding of highway construction contracts by the Department of Highways; and in particular to investigate and report upon whether in any instance any preference has been shown in the awarding of highway construction contracts to persons, firms or corporations by reason of their being indebted to a Provincial Treasury Branch, or to persons, firms or corporations by reason of the fact that they assumed responsibility for the liabilities of persons, firms or corporations indebted to a Provincial Treasury Branch.

#### The Commission found:

"We are satisfied that the method of calling for tenders and the awarding of those contracts, respecting which

we heard evidence, complied with all statutory requirements, with the exception of Highway Contracts Numbers 459/47 (Edmonton to Legal) and 504/48 (Morinville to Clyde Corner), awarded to O'Sullivan Construction Company in 1947 and 1948 respectively."

"In each of these two cases, the contractor was allowed to proceed with the work before contracts were signed by all the parties, and before the required security was given. This contravened section 18, sub-section (3) of The Public Works Department Act."

"The aforesaid sub-section of the Act may also have been contravened with regard to Bridge Contract number 438/47 (concrete substructure for bridge over Old Man River at Lethbridge). In this case the Department of Public Works instructed the contractor to unload certain sheet steel piling at the bridge site, prior to the contract having been signed or the required security given."

"It is fair to state, however, that in each of these three cases, no money was paid to the contractor until the required securities had been given and the contract signed by all the parties."

"We are satisfied that no preference has been shown in the awarding of highway construction contracts to persons, firms or corporations by reason of their being indebted to a Provincial Treasury Branch or to persons, firms or corporations by reason of the fact that they assumed responsibility for the liability of persons, firms or corporations indebted to a Provincial Treasury Branch."

"We heard a vast amount of evidence respecting the construction of certain highways."

"We are, of course, well aware of the fact that the construction of highways in Alberta is a task of ever increasing magnitude. It is common knowledge that special problems arise owing to the varying complexities of our soil and the extremes of our climate."

#### The Commission recommended:

- (1) "Tenders should always be called for in the construction of highways."
- (2) "Advertisements for tenders for the construction of highways should be published as soon as possible after the Legislature has authorized the expenditures for same."
- (3) "Such advertisements should provide a reasonable time for contractors to submit their bids."
- (4) "The practice of opening of tenders in public should be continued."
- (5) "Successful tenderers should be required to post a 100% performance bond."
- (6) "Successful tenderers should be required to provide a maintenance bond, to be in force for a reasonable period, to protect the Department against poor workmanship."
- (7) "The evidence indicates that tests of soil and materials are vital to the efficient construction of stable highways; further, that such tests provide the Department with information which is of importance in drawing up specifications and in arriving at accurate estimates of cost. "We observe from the evidence that a programme of testing which was commenced in 1938 has been greatly expanded, and that a new Highways Testing Laboratory was set up in 1954."



"We urge that emphasis be placed on its development, to the end that it will at all times be furnished with the most up-to-date equipment and manned by the most competent personnel available.

"While we realize that the present practice of the Department of Highways may well be in accord with the above recommendations, nevertheless we think that they are of sufficient importance to be emphasized."

#### 4. The Commission was directed:

To investigate and report on the facts concerning the building of a paved road by the Department of Highways from Highway 15 to the Belmont Rehabilitation Centre and the facts concerning the building and paving of a road from the Rehabilitation Centre to the Belmont Drive-In Theatre.

#### The Commission found:

"... We are satisfied that, in 1954, the Department of Highways constructed the Belmont paved road from Highway 15 to the northeast corner of the Rehabilitation Centre, for the purpose of providing a good access road. According to the evidence, this is a general policy of the government.

"... We are further satisfied that the Belmont Drive-In Theatre Limited paid the entire costs of building and surfacing the road from the Rehabilitation Centre to the Belmont Drive-In Theatre, and that there was no contribution of money, equipment or personnel by the Alberta Government towards such road."

#### 5. The Commission was directed:

To investigate and report upon the facts concerning the method of exchanging mineral rights owned by the Crown for mineral rights owned by others as authorized under the provisions of Section 19 paragraph (a) of The Mines and Minerals Act, being Chapter 66 of the Statutes of Alberta, 1949; and in particular to investigate and report upon the facts concerning the exchange of certain mineral rights between the Honorable E. C. Manning and the Crown in the right of the Province of Alberta as evidenced by Order in Council numbered O/C 1707-51 dated November 28th, 1951, and published in the Alberta Gazette on the 15th day of December, 1951.

(Testimony given by Mr. Somerville, Deputy Minister of Mines and Minerals, and Mr. Ronald Martland, Q.C., averred that Mr. Manning had neither desired nor received treatment differing in any respect to that accorded other owners of mineral rights qualifying for an exchange of acreage with the Crown and that in the transfer Mr. Manning received less acreage than he surrendered to the Crown.)

#### The Commission found:

"We accept Mr. Somerville's written memorandum supplemented by his oral testimony as above quoted,

and that the information given to us by Mr. Martland, Q.C., is an accurate statement of 'the facts concerning the exchange of certain mineral rights between the Honorable E. C. Manning and the Crown in the right of the Province of Alberta', and we so report."

#### 6. The Commission was directed:

To investigate and report on the facts concerning the general procedure followed by the Treasury Branches with respect to making loans and in particular the making of loans by the Treasury Branches to members of the Legislative Assembly and whether any loss was sustained by the Treasury Branches by reason of such loans; provided that in the public interest and to protect the interest of customers of the Treasury Branches no investigation shall be made into loans made to or other dealings with the Treasury Branches by any other persons.

#### The Commission found:

"... We have carefully examined the various exhibits filed on this subject of our enquiry and we have also had the benefit of hearing a most extensive cross examination of the witness Olive (Superintendent of Treasury Branches) by Counsel for the Alberta Liberal Association with respect to some, but not all, of the loans made to Members of the Legislative Assembly."

"... We have no reason to doubt Mr. Olive's statement that the procedure outlined with respect to loans to ordinary customers applied to all loans made to Members of the Legislature."

"... Some loans were made to Members of the Legislative Assembly on the security of the borrower's promissory note plus an assignment of the Member's sessional indemnity to be earned by the Member several months later. In one case it was shown that at the time of the loan, the Member had very little in the way of realizable assets from which recovery of an unpaid promissory note could be enforced. If, because of the death of the member, or his resignation from the Assembly, or the dissolution of the Assembly, or any other cause which would prevent him from earning the assigned indemnity, the security of the assignment would disappear and be valueless. We question the advisability of making that particular loan but, on the other hand, it should be observed that it was paid in full on its due date."

"... We have concluded that all loans made to the Members of the Legislative Assembly were made in the usual course of the loaning procedures followed by the Loans Committee of the Treasury Branches. With the exception above mentioned the loans were adequately secured. They all were paid in full. The same rate of interest was charged to Members as was charged to other customers. In fact, in all respects, we have no reason to believe that Members of the Legislative Assembly were treated in any way differently from other customers. We had no evidence before us which suggested that pressure was brought to bear on any Treasury Branch employee to influence him in favor of making loans to any Member of the Legislative Assembly."

**This is a summary of the Royal Commission Reports for your information as a citizen of Alberta. Complete copies of the Commission Reports may be obtained from the Queen's Printer, Highways Building, Edmonton, Alberta.**



